Crowdfunding: How to and Why to
(And How and Why Not to)

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The Agenda:

- Crowdsourcing and Crowdfunding
- The Big Picture
- What Works and some examples
- A Historic Preservation Example
- Opportunities, Limitations and Challenges
Crowdsourcing or Crowdfunding?
Crowdsourcing = recruiting and using ideas generated by your followers/users
Crowdfunding = recruiting financial support from your followers/users
Really? Who does that?

**Global crowdfunding:**
- 2013: $6.1 billion
- 2014: $16.2 billion
- 2015: $34.4 billion

**A few more factoids:**
- Over 9 million Kickstarter backers worldwide
- The Storm Electric Bike raised $3.5 million from 6,293 funders on Indiegogo (this was a huge exception)
- GoFundMe has raised over $1 billion in pure donations
Why do people give money to crowdfunding?

• To get something cool
• To support a cause or a person that matters to you
• To get a reward
• To feel good about yourself
• To make money
• To own a piece of something
• To get a return on investment
Crowdfunding to get something cool

What is Bluesmart?

Bluesmart is a high-quality carry-on suitcase that you can control from your phone, like a boss. From the app you can lock and unlock it, weigh it, track its location, be notified if you are leaving it behind and find out more about your travel habits. You can also charge your phone 6 times over with a built-in battery. Isn't that awesome?

More than a suitcase, your personal travel assistant.

After decades of no innovation in the luggage industry, we re-imagined the suitcase to solve all the problems of the modern traveler. No more luggage nightmares to spoil your trips. With Bluesmart, you will travel smarter and be the coolest kid in the airport.

$195 USD
SUPER EARLY ADOPTER
This is one for the special people who want to get in quick! In thanks for your early support you will receive one Bluesmart cool & Bluesmart (plus shipping within the US, or $40 for international shipping).
Estimated retail price $450 or higher.

200 out of 200 claimed
Estimated delivery: August 2015

$270 USD
BLUESMART CARRY-ON
Be the ultimate traveler. For this Indiegogo special price of $270, you get a Bluesmart's retail price. (Add $20 for shipping within US, $70 for Canada & EU countries, and $100 for everywhere else).

100 out of 100 claimed
Estimated delivery: August 2015

$350 USD
CUSTOM BLUESMART
Due to popular demand, we are adding more units of this one-time only opportunity to get a personalized Bluesmart. From August to September with your personal initials laser engraved on the case.

SOLD OUT
Crowdfunding to help make something good happen (and, usually, get an awesome reward).
Preservation? Sometimes.
But remember: just because it’s with the crowd doesn’t mean it’s guaranteed.
Something we can’t do in Ohio...

Equity or Debt investment (Buy a share or become a part-owner of a business, or loan money to a business).

It’s illegal.
We can’t? Why???

- “Accredited Investors”
- 2012 Jobs Act
- The Federal SEC since
- The Ohio SEC since
But you said “in Ohio?”

- States can pass their own equity crowdfunding rules.
- 22 have, including Michigan, Kentucky and Indiana.
- Ohio? Nope.
Why does that matter for your community?

- Small businesses often have a **hard time accessing capital** (money to invest in their business)
- Many small businesses have **loyal customers and followings**.
- Increasing demand from investors to put money where it will make a reasonable profit *and* meet a personal priority – “**Social impact investing**”
- You can only give away so much stuff.
Crowdfunding 101
Jim Cunningham
Welcome to Queen City Crowdfunding

We publicize local crowdfunding campaigns to the Cincinnati audience, with unique local information. You can run your campaign on a global platform like Kickstarter, and use QCC to attract local contributors. And QCC is FREE!

First Time Here?
Learn about crowdfunding and how to use this site

Campaigners
Join QCC to add your campaign & raise funds

Contributors
Browse all QCC campaigns, or search by category
The Players

- The *Campaigner* – raising money
- The Contributor or *Backer* – contributes
- The Platform or *Portal* – the website where this happens:
  - Kickstarter
  - Indiegogo
  - Fundable
  - hundreds of others
Which companies should crowdfund?

- Business to Business are less likely to succeed than Business to Consumer
- It’s best for products that are Not Complicated
- It’s a poor choice for Long-range R&D
- If it has Intellectual Property (IP) involved, will secrets or patent protections be at risk of compromise?
Crowdfunding is a Sales project

3 key steps:

• Build your network online (and offline) before you launch; be known and admired
• Launch with clever buzz and a cool video
• Keep creating buzz, to avoid the mid-campaign blahs
Advice for the Campaign

- Make the project **crystal-clear, concise and extremely easy to communicate**
- Show ample **evidence of substantial future success** through past sales or market research
- Provide compelling **Rewards** for Backers
- **Pre-seed** the campaign with press if you can, to increase credibility
Crowdfunding Tool Kit

- High-Quality Marketing Materials
- Professional Company Video
- Current Valuation (for investment crowdfunding)
- Attractive Rewards
- Prior Funding & Use of Funds
- Media, Email and Social Media Plan
Thank You

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- www.queencitycrowdfunding.com
The Old Tavern

- Built in 1798
- Served as a frontier depot in the early Western Reserve.
- Served as a place of dining and lodging.
- Served as a post office between Buffalo and Cleveland.
- Expanded in early 1820’s.
- Functioned as a “station” on the Underground Railroad.
- Provided a background for the Milton Clarke Incident.
- Visited by industrialists, such as Henry Ford and Thomas Edison.

Unionville, Ohio
Madison Township in Lake County
The Unionville Tavern Preservation Society

- May, 2011 ... “This Place Matters” Community Challenge
- November, 2011... Incorporated as a non-profit
- 2012-2014... Preservation Ohio “Most Endangered Historic Site” status
- August, 2014... Purchased The Unionville Tavern!!!
- November, 2014... Stabilization BEGINS!
- August, 2015... Historic Structure Report and Master Plan
How did we get to Acquisition?

• Community Awareness
• Political and community support
• Media campaigns
• Social media
• Fundraising events and item sales
• Threat of Sheriff auction
• Crowdfunding effort
30 Days to “Save The Tavern!”

GOAL: $30,000 in 30 Days
July 7th – August 6th, 2014

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Show your support at the link below...

www.GoFundMe.com/b3umzw
What We Learned

• Provided ability to mobilize support in a short period of time.

• Served as a public relations tool for our acquisition attempt.

• Created a funding source to generate capital quickly.

• Introduced our effort to private donors.

• Helped convince our anonymous donor to commit to the project.

Learn more about The Old Tavern & The Unionville Tavern Preservation Society on-line at www.SaveTheTavern.org
OK... Now what?
So what *can* we do with crowdfunding?

- Fundraise
- Friend-raise
- Seed money
- Small projects
- Demonstrate potential
- Get publicity
- Get started
What do we have to do to get that?

- Offer something that people really want or really care about
- Have very modest needs
- Something that people can grasp quickly
- Good stuff to give away
- Strong social media reach
- The right platform for your type of crowdfunding
And...um...what *can’t* we do (probably)?

- Raise **big money**
- Raise money for something **obscure, complex, or with a really long time frame**.
- Get funding **just because of how wonderful we are** (even if it’s charity, you have to give them something).
- Reach our goals **without a very strong online and offline network**.
- Give shares in our business or cash interest payments
So what should your businesses and nonprofits do?

- Be **unique, valuable, and loveable**
- Build their customer **tribe** – communicate intensively!
- Build a **track record** of success.
- Capture **contact information** from everywhere, especially email addresses, Twitter and Facebook followers, Pinterest, Medium, any relevant social media
So what should your businesses and nonprofits do?

- Identify a **concrete, modest, easy to understand need** (a specific repair, adding breakfast hours, a book, an event)
- Review a variety of crowdfunding platforms and **read the fine print**!
- Get your project ready for prime time:
  - **Quality** photos, video and graphics
  - A **compelling** description and call to action
  - **Desirable** rewards for your likely funders
So what should your businesses and nonprofits do?

- Line up pre-launch **publicity**
- Evaluate options for **pre-soliciting** – subscriptions, pre-orders.
- Set up a **marketing/promotion plan**
- **Publicize!**
- Give **lots of thank yous**
- **Deliver** on what you promised
Remember: a successful crowdfunder has...

- Something **really awesome** to offer
- A huge social media **following** and email list
- An excellent **reputation** and a close to spotless track record
- Desirable **rewards** and other enticements
- The right crowdfundraing **platform** for their needs
- Great **pitch materials** (video, photo, print)
- A consistent and intelligent **marketing plan**
- Ability to **deliver what they promised**.
Thanks!

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